

Exhibit No. 4  
Date 1-19-2011  
Bill No. SB 54**SB 54 - Establish a hybrid tier in TRS for new hires only**

- A) One of two competing bills which came out of SAVA for TRS. Although, this one I'm carrying got more votes than the other one.
- B) Can only apply it to new hires because of a court case. So it alone won't solve our funding crisis.
- C) Hybrid = money purchase = cash balance plan
- D) Why hybrid? Borrows from the best of both DC plans and DB plans.
- E) Closes loopholes... There are several ways a person can "game" the current system to generate a higher retirement than what is warranted based upon funding paid in during their employment tenure - salary spiking, early retirement, etc. SB 54 closes those loopholes - you only get the balance in your account (including matching and interest), annuitized over your remaining life expectancy.
- F) Encourages longevity three ways: 1) the longer you work, the more matching and interest you get. 2) The longer you work, the shorter your retirement life expectancy..... so your monthly benefit goes up substantially the longer you work. You get the direct benefit from working longer. 3) There's an extra ½ percent election you can make when you first get hired... if you stay 30 years, you get matching and interest on that extra ½ percent as well.
- G) But it still gives employees great flexibility if, for whatever reason, they feel they need to retire sooner. Assuming they're vested, they would still receive their account balance, plus employer match and interest, annuitized over their remaining life expectancy.
- H) The remaining plan participants' retirement is protected... there's no way to rob from the rest.
- I) The normal cost for this plan is the lowest of the alternatives we looked at... thus, we can take the extra which is being contributed, and use it to help reduce our unfunded liability. In fact, the other alternative (the PRO plan) actually increases normal cost over the current plan.
- J) We now have the computer technology to handle individual accounts, so why not switch to this new plan rather than simply tweak a dinosaur plan with no individual accounting, no safeguards against robbing others for unwarranted personal gain, and no real direct incentives for longevity... which we desperately need to meet staffing needs beyond the retirement of the baby boomers.
- K) Doesn't force a new higher contribution rate on all new hires.... Only as an option for those who want the .5% longevity bonus. The PRO plan forces .5%+ increase on all new hires, only to benefit a few.
- L) This proposal automatically adjusts for longer future life expectancies. We won't have to have another big political fight 20 years down the road over whether we should switch to 35 years instead of 30.

